



Book	Policy Manual
Section	JUNE 2021 POL COMMITTEE
Title	EDGAR Revisions - January 2021 Revised ACCOUNTING SYSTEM FOR CAPITAL ASSETS
Code	po7455
Status	Policy Committee

NEW

7455 - ACCOUNTING SYSTEM FOR CAPITAL ASSETS

The Board of Education shall maintain a capital asset, accounting system. The capital asset system shall maintain sufficient information to permit the following:

- A. the preparation of year-end financial statements in accordance with generally-accepted, accounting principles
- B. adequate insurance coverage
- C. control and accountability

Capital assets are defined as those tangible assets of the District with 1.) a useful life in excess of five (5) years; 2.) an initial cost equal to or exceeding the amount determined annually in the District's administrative guidelines; 3) which are capitalized in accordance with GAAP; and 4) which the District intends to hold or continue in use over an extended period of time. If a single item does not meet the threshold amount, but is typically purchased in aggregate by the District, the Treasurer shall verify which items shall be classified as capital assets and recorded at the time of purchase or acquisition. Further, some items may be identified as "controlled" assets that, although they do not meet all capital asset criteria, are to be recorded on the capital asset system to maintain control.

Capital assets shall be classified as follows:

- A. land, buildings (facilities), equipment, and intellectual property (including software) whether acquired by purchase, construction, manufacture, exchange, or through a lease accounted for as financed purchase under Government Accounting Standards Board (GASB) standards or a finance lease under Financial Accounting Standards Board (FASB) standards, and
- B. additions, improvements, modifications, replacements, rearrangements, reinstallations, renovations or alterations to capital assets that materially increase their value or useful life (not ordinary repairs and maintenance)

Leased capital assets and assets which are jointly-owned shall be identified and recorded on the capital asset system.

Capital assets shall be recorded at actual, or if not determinable, estimated purchase price or fair market value at the time of acquisition. The method(s) to be used to estimate such price or market value shall be established by the Treasurer.

The Superintendent/Designee shall develop administrative guidelines to address the proper purchase, transfer, and disposal of capital assets. Such assets shall be disposed of in such a manner as will be in the public interest and benefit the District

(see Policy 7300 and Policy 7310).

The Treasurer shall verify whether an expense should be recorded as an improvement to a capital asset or maintenance cost. An improvement of a capital asset significantly increases its value, life or capacity to serve, and should be capitalized and depreciated over its life. Maintenance restores a capital asset to its original level of service and should not be capitalized.

Depreciation is the allocation of the cost of a capital asset over its estimated useful life. Depreciation shall be recorded for funded capital assets using the method(s) agreed upon by the Superintendent and the Treasurer.

The following information shall be maintained for all capital assets:

- A. description (including whether the item was acquired in aggregate)
- B. asset classification (land, building, equipment, etc.)
- C. location
- D. purchase price/cost, or if not determined:
 - 1. estimated cost/purchase price
 - 2. estimated fair market value
 - 3. contract price (including all related charges to place the capital asset in condition or in its place for the intended use), or
 - 4. appraised value at the time of acquisition (if obtained by gift/donated)
- E. vendor
- F. date purchased/acquired
- G. voucher number
- H. estimated useful life
- I. estimated salvage value
- J. replacement cost
- K. accumulated depreciation
- L. method of acquisition (purchase, trade-in, lease, donated etc.)
- M. appropriation
- N. manner of asset disposal

© Neola 2021